

DECEMBER 14, 2005

VA HANDBOOK 5007/21
PART IX

PART IX. PAY FOR VHA PHYSICIANS AND DENTISTS

1. SCOPE. This part contains mandatory pay administration regulations and procedures for Veterans Health Administration (VHA) physicians and dentists in the Department of Veterans Affairs (VA) appointed under the authority of 38 U.S.C. 305, 7306, 7401(1), or 7405(a)(1)(A). The Secretary retains authority to act on pay matters involving the Under Secretary for Health.

2. AUTHORITY. 38 U.S.C. 305, § 7421(a); 7431, 7432 and 7433 as amended by Public Law 108-445.

3. EXCLUSIONS. The following categories of physicians and dentists are ineligible for pay under this part:

a. Interns and residents (whether paid by stipend or through a disbursement agreement) appointed under 38 U.S.C. 7406;

b. Fee-basis employees appointed under 38 U.S.C. 7405(a)(2);

c. Fellows (including special fellows such as Health Services Research and Development, Medical Informatics, Advanced Geriatrics, and Advanced Spinal Cord Injury) appointed under 38 U.S.C. 7405(a)(1)(D);

d. Research trainees employed as Associate Investigators appointed under 38 U.S.C. 7405(a)(1)(D); and

e. Physicians and dentists employed at the Manila Outpatient Clinic who are foreign nationals paid under local national pay schedules established by the Department of State (DOS).

4. GENERAL. The pay of VHA physicians and dentists consists of three elements: base pay, market pay, and performance pay. This policy is intended to make possible the recruitment and retention of the best qualified workforce capable of providing high quality care for eligible veterans. VA is committed to assuring that the levels of annual pay (base pay plus market pay) for VHA physicians and dentists are fixed at levels reasonably comparable with the income of non-VA physicians and dentists performing like services.

5. DEFINITIONS

a. **Aggregate Pay.** The sum of all payments made to a physician or dentist in a calendar year, exclusive of lump sum annual leave, reimbursement of travel, backpay, and severance. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405(a)(1)(A) may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

b. **Annual Pay.** The sum of the base pay rate and market pay. Annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay.

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c. Base and Longevity Pay Schedule. A table consisting of 15 rates of base pay, designated as steps 1 through 15. Physicians and dentists advance on the table at the rate of one step for every 2 years of VHA service.

d. Base Pay Rate. The rate for a step on the Physician and Dentist Base and Longevity Pay Schedule.

e. Basic Pay. The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind (e.g., market pay, performance pay, recruitment incentive etc.) as prescribed under 38 U.S.C. 7431. However, annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay. In no instance is performance pay considered part of any individual's rate of basic pay.

f. Change in Assignment. A permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, [a change in the amount of time a physician or dentist spends performing non-clinical duties or activities (i.e., time spent away from performing clinical duties within the specialty or assignment),] or a significant change in duties or assignments as determined by an appropriate management official.

g. Compensation Panel. A group of physicians or dentists responsible for the evaluation of physicians or dentists and making recommendations to the approving official for annual pay.

h. Longevity Step Increase. Advancement to the next higher step of the grade based upon completing the required waiting period of two years (104 weeks) of creditable service.

i. Management Official. A person who has supervisory authority over staff or program management responsibility.

j. Market Pay. A component of basic pay intended to reflect the recruitment and retention needs for the specialty or assignment of a particular VHA physician or dentist.

k. Performance Pay. A component of compensation paid to recognize the achievement of specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. [The purpose of performance pay is to improve the quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA.] Performance pay is paid as a lump sum in accordance with paragraph 12 of this part.

l. Tier. A level within the annual pay range for an assignment or specialty.

m. Tier Exception. Approval to exceed the maximum amount of a tier in the nationwide pay range under the provisions of paragraph 14d or Appendix IX-B.

n. Total Pay. The sum of all payments made to a physician and dentist. Includes base pay, market pay, performance pay, recruitment, relocation, and retention incentives. Excludes cash awards. In Alaska, Hawaii, and Puerto Rico, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, total pay also includes the COLA.

o. Year. For purposes of determining base pay under paragraph 7, a year is 52 calendar weeks.